

MANAGEMENT MEMO

SUBJECT: RESTRICTIONS REGARDING USE OF CMAS, MASTER SERVICES AGREEMENTS, AND NON-COMPETITIVELY BID CONTRACTS DURING INTERIM REVIEW PERIOD CLARIFICATION OF SIGNATURE AUTHORITY AND ADDITION OF ATTACHMENT D	NUMBER: 02-12, ADDENDUM #1
	DATE ISSUED: JUNE 11, 2002
	EXPIRES: UNTIL RESCINDED
REFERENCES: EXECUTIVE ORDER D-55-02	ISSUING AGENCY: DEPARTMENT OF GENERAL SERVICES

CHANGES/MODIFICATIONS TO THIS MANAGEMENT MEMO AS A RESULT OF THIS ADDENDUM #1 ARE EFFECTIVE IMMEDIATELY. CHANGES ARE INDICATED IN BOLD.

It is the intent of Executive Order D-55-02 that competitive bidding processes will be employed to the maximum extent required by law. The purpose of this Management Memo is to provide Interim Guidelines for the acquisition of goods and services obtained through the use of CMAS, Master Services Agreements, and Non-Competitively Bid acquisition methods during the review period established by Executive Order D-55-02. Separate standards and processes are required for contracts \$100,000 or less and those greater than \$100,000. These are designated as Attachments A, B, and C, attached hereto. **Attachment D is added to identify categories pursuant to State Administrative Manual Section (SAM) 1233 that are exempt from this Management Memo. NOTE that this Attachment D is a modified listing, and there are certain constraints placed on the use of these categories.**

ATTACHMENT B AND ATTACHMENT C HAVE BEEN MODIFIED TO REFLECT THAT CMAS/MASTER APPROVALS OVER \$100,000 BUT LESS THAN \$500,000 REQUIRE APPROVAL BY THE AGENCY SECRETARY OR IMMEDIATE NEXT RANKING OFFICIAL, IN ADDITION TO PRIOR APPROVAL BY THE DEPARTMENT DIRECTOR OR IMMEDIATE NEXT RANKING OFFICIAL – THERE IS NO DELEGATION.

1. Each State Agency and each department/commission/board not under an Agency shall designate a Procurement Liaison who will be responsible for the implementation of these Interim Guidelines. The name, telephone number and e-mail address of such person shall be transmitted to the Department of General Services (DGS) Procurement Division (custserv@dgs.ca.gov) by 5:00 p.m. June 4, 2002. Any follow-up instructions regarding these Interim Guidelines will be disseminated through the designated Procurement Liaison and through the DGS Procurement Division website. (See #11 below)
2. Failure to comply with the restrictions and/or requirements of these Interim Guidelines will result in the loss of delegated purchasing privileges.
3. Contracts should not be executed, and/or work should not be commenced until all of the approvals required by this Management Memo and Attachments have been obtained.
4. Contracts currently exempt from competitive bidding by statute (e.g. Interagency agreements, etc.) or which are based on purchases from a competitively bid master contract (e.g. Commodities master contracts, security guards, etc.) are not subject to this Management Memo and shall be entered into according to current legally required procedures. Contracting for architectural and engineering services, which is based on a statutorily required competitive selection process, is exempt from this Executive Order.

5. Although all Constitutional Officers, the University of California, the California State University, the Lottery Commission, the Public Employees' Retirement System, the State Teachers' Retirement System, the State Compensation Insurance Fund, and other independent state entities are exempt from this Executive Order, they are encouraged to take all necessary actions to comply with the intent of the Order. Contracts by local government entities are exempt from Executive Order D-55-02, but remain subject to their own laws or procedures.
6. Application of the Interim Guidelines to amendments of existing non-competitively bid contracts will be based on the cumulative dollar value after including the amendment. (e.g. \$40,000 base contract plus a \$70,000 amendment would be considered a \$110,000 contract.)
7. Purchases and contracts not addressed by this Management Memo will be subject to the Department of General Services' oversight and must be processed in accordance with existing statutory requirements as well as applicable Procurement Division Delegation requirements and/or the State Contracting Manual.
8. Unless competitively bid, purchases greater than \$100,000 involving contracts subject to Executive Order D-55-02, in addition to all other legally applicable requirements shall be justified by one of the following criteria:
 - a. Provision of essential services
 - b. Required for public health or safety
 - c. Emergency as defined in Public Contract Code 1102
 - d. Necessary to avoid financial loss to the state

These terms are further defined in Attachment C.

9. Order of precedence: In applying these Interim Guidelines, the precedence shall be applied in the following order:
 - a. Executive Order D-55-02.
 - b. Management Memo 02-12, Addendum #1, including Attachments A, B, C and D.
 - c. Management Memo 02-12, including Attachments A, B and C.
 - d. Procurement Division Delegation for information technology and commodities.
 - e. State Contracting Manual (Non-IT services).

Copies of these documents are available on the Procurement Division website. (see # 11 below)

10. These Interim Guidelines are subject to future revision as determined by DGS with the approval of the Department of Finance.
11. Additional information regarding this Management Memo will be published on the Procurement Division website (www.dgs.ca.gov/pd) as it becomes available. (Select "Executive Order D-55-02".) Of particular interest will be the FAQ (Frequently Asked Questions) section, which will address common inquiries regarding the application of the Executive Order and Interim Guidelines.

Questions regarding this Management Memo may be directed to:

IT Goods & Services, Commodities:

Marnell Voss, Manager
Business Development Unit
Department of General Services
Procurement Division
Telephone: (916) 375-4563
e-mail: marnell.voss@dgs.ca.gov

Non-IT Services:

Kathleen A. Yates, Senior Staff Counsel
Department of General Services
Office of Legal Services
Telephone: (916) 376-5115
e-mail: Kathleen.Yates@dgs.ca.gov

Clothilde V. Hewlett, Interim Director
Department of General Services